

Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554

In the Matter of	)	
	)	
Connect America Fund	)	WC Docket No. 10-90
	)	
A National Broadband Plan for Our Future	)	GN Docket No. 09-51
	)	
Establishing Just and Reasonable Rates for Local Exchange Carriers	)	WC Docket No. 07-135
	)	
High-Cost Universal Service Support	)	WC Docket No. 05-337
	)	
Developing a Unified Inter-carrier Compensation Regime	)	CC Docket No. 01-92
	)	
Federal-State Joint Board on Universal Service	)	CC Docket No. 96-45
	)	
Lifeline and Link-Up	)	WC Docket No. 03-109
	)	
Universal Service Reform – Mobility Fund	)	WT Docket No. 10-208

**REPLY COMMENTS OF**  
**ALASKA COMMUNICATIONS SYSTEMS GROUP, INC.**

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### **Executive Summary**

Alaska Communications Systems Group, Inc. ("ACS") replies to the comments that bear in particular on the availability and affordability of advanced services in Alaska. To the greatest extent possible, ACS urges the Commission to adopt a flexible approach to administering the Connect America Fund ("CAF"), to recognize local differences in costs and market conditions, and to ensure that eligible telecommunications carriers ("ETCs") will have specific, predictable and sufficient support to provide voice and broadband services to all Alaskans.

The Commission should adopt a flexible approach to measuring and reporting of broadband deployment and network performance. Self-certification has been the norm for high-cost universal service funding to date, and the FCC should continue to rely on ETCs to describe how they are meeting the obligations associated with the CAF support they receive. Accurate and efficient methods to measure end-to-end speed and latency will evolve as broadband networks do. But current networks have limited technical capability, and ETCs often lack control over critical portions of the transmission path, including middle mile backbone facilities and facilities on the customer side of the Network Interface Device.

The Commission also should adopt a local approach to measuring reasonable comparability of prices for supported services. The best comparison is the simplest one, comparing an ETC's prices in supported areas to the prices charged by the same carrier or its own affiliate in urban areas. Where carriers have no urban affiliate, their prices may be compared to the urban prices of other carriers in the same state.

ACS supports those commenters who argue that \$775 per location may be insufficient to extend broadband to many new locations; the Commission would do better to adopt a more flexible build-out requirement tailored to the costs and needs of individual states.

The Commission should eliminate ETC obligations for entities not receiving support, and should preempt state attempts to impose requirements in addition to those imposed by the FCC without offering any additional support.

ACS supports the comments that, in Alaska, an area should not be ineligible for Phase II CAF or Mobility Fund based solely on the presence of an unsupported competitor unless the competitor serves the area in its entirety. Entry barriers in Alaska are too steep to risk driving established ETCs from the market due to merely partial overlap by an opportunistic entrant.

ACS supports the inclusion of support for middle mile facilities in both Phase II CAF and Mobility Fund for Alaska, where capacity is constrained and new, affordable facilities are much in need.

The Commission should not require financial guarantees from publicly-traded LECs, nor impose other new, burdensome obligations, such as IP interconnection duties where there is no demonstrable need.

ACS supports dedication of additional funding for rural Alaska under the Mobility and Tribal Mobility Funds, and advocates administration of the Remote Areas Fund as ongoing network support mechanism rather than a portable consumer credit.

Only a concerted effort to address network deployment and operational costs and other challenges will bring the benefits of advanced broadband capabilities to Alaska.

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**REPLY COMMENTS OF**  
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**I. Introduction**

Alaska Communications Systems Group, Inc., on behalf of its operating subsidiaries (“ACS”),<sup>1</sup> hereby replies to the January 18, 2012 comments filed in response

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<sup>1</sup> In this proceeding Alaska Communications Systems Group, Inc. represents four local exchange carriers, ACS of Alaska, Inc., ACS of Anchorage, Inc., ACS of Fairbanks, Inc., and ACS of the Northland, Inc., as well as ACS Long Distance, Inc., ACS Cable, Inc., ACS Internet, Inc., and ACS Wireless, Inc. Together, these companies provide wireline and wireless telecommunications, information, broadband, and other network

to the Commission's *Further Notice of Proposed Rulemaking* in the above-captioned dockets.<sup>2</sup> In this state of the rulemaking proceeding, the Commission is refining its universal service policies and the rules for the Connect America Fund ("CAF") recently announced in the *CAF Order*. As in its initial Comments, ACS focuses in these Reply Comments on issues that especially will impact the availability of voice and broadband services in Alaska.

## **II. Measuring Broadband Performance**

In the *FNPRM*, the Commission seeks comment on efficient and accurate methods for measuring whether supported broadband services meet minimum criteria established by the Commission.<sup>3</sup> ACS observed in its initial Comments that measurements only should be required for components of an eligible telecommunications carrier ("ETC") network over which the ETC has control.<sup>4</sup> A number of other commenters urge the Commission to adopt a flexible approach toward the methodology used by the ETC to measure and report its broadband deployment.<sup>5</sup> ACS agrees. ACS

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services to residential, small business and enterprise customers in the State of Alaska and beyond, on a retail and wholesale basis, using ACS's statewide and interstate facilities.

<sup>2</sup> *Connect America Fund et al.*, Report and Order ("CAF Order") and Further Notice of Proposed Rulemaking ("FNPRM") in WC Docket Nos. 10-90 *et al.*, FCC 11-161 (rel. Nov. 18, 2011). As requested by the Commission, these reply comments concern the issues raised in Sections A through K of the FNPRM.

<sup>3</sup> FNPRM ¶¶1015-1017.

<sup>4</sup> Comments of Alaska Communications Systems Group, Inc. in WC Docket Nos. 10-90 *et al.*, filed Jan. 18, 2012 ("ACS Comments") at 3-4.

<sup>5</sup> *E.g.*, Comments of AT&T in WC Docket Nos. 10-90 *et al.*, filed Jan. 18, 2012 ("AT&T Comments") at 19-24; Comments of Frontier Communications Corporation in WC Docket Nos. 10-90 *et al.*, filed Jan. 18, 2012 ("Frontier Comments") at 3-5.

has proposed initially using a sampling method based on performance at the service node,<sup>6</sup> but ACS supports allowing each ETC to employ a reasonable method to demonstrate compliance with speed and latency requirements.

ACS network engineers believe that embedded technology ultimately will be available to enable efficient and accurate speed testing from the subscriber handset or customer premises equipment to the primary Internet peering location, initiated by either the carrier or the customer, but it will be some time before vendors of customer equipment and network facilities make available the necessary equipment, and carriers test and deploy this functionality throughout their subscriber base.<sup>7</sup> Today, ACS does not have the ability to test end-to-end speeds at each user device.<sup>8</sup> Third-party systems are available for monitoring speed on a per-user basis, through external probes, but ACS has not yet deployed such a system for wireless or wireline broadband subscribers.<sup>9</sup> Current network performance testing often is unreliable due to a number of obstacles, including interference from other users, inside wiring issues, failure of subscriber equipment, and even the time of day when testing is performed.<sup>10</sup> Embedded technology will solve some of these measurement problems, but carriers still will require flexibility to quantify speed

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<sup>6</sup> ACS Comments at 4.

<sup>7</sup> Declaration of Matthew Peterson, Attachment A, at 2.

<sup>8</sup> *Id.* at 3.

<sup>9</sup> *Id.* at 4.

<sup>10</sup> *Id.* at 5.

and latency only for the portions of the customer experience over which they exercise control.<sup>11</sup>

In measuring reasonable comparability of prices for supported services, ACS advocates a simple approach under which the carriers' rates in rural areas are compared to the rates charged by the same carrier or its affiliates in urban areas.<sup>12</sup> ACS does not believe that a survey of all rates charged by all ETCs is necessary to satisfy the Communications Act's requirement of reasonable comparability, nor that it makes sense to compare rates across different states and different technology platforms. ACS Wireless charges the same rates for the same service plans throughout the state of Alaska, which should be sufficient to demonstrate that ACS Wireless's rates in supported areas are reasonably comparable to its rates in urban areas. The rate plans of the ACS LECs diverge to some degree according to state requirements for voice services, but they easily can be compared, whereas comparison with rates and rate plans of unaffiliated companies in other parts of the country would likely be far more difficult.<sup>13</sup> In this instance, the simpler solution appears to be the best one.

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<sup>11</sup> For example, carriers have no ability to control or impose remedies for Customer Premises Equipment or any infrastructure on the customer side of the Network Interface Device. Of equal concern is that components of the network needed to transport traffic to the Internet access point are often owned by providers other than the entity being studied for compliance with the performance standards.

<sup>12</sup> ACS Comments at 9.

<sup>13</sup> ACS's state rates, which include TRS charges, network access fees, state USF charges, and E911 charges, generally range from \$17.62 to \$22.68 across the state, but in one area of the state the rates rise to \$46.68.



### **III. Build-Out Obligations of Carriers Electing CAF Phase I Incremental Support**

Frontier and Windstream jointly urge reconsideration of the Phase I CAF incremental support mechanism as envisioned by the Commission. Windstream expresses skepticism that recipients of this support will be able to deploy high-speed broadband to at least one new location for each \$775 in incremental support – put another way, it is doubtful that support will be sufficient for price cap carriers to deploy broadband at the required speeds to the required number of locations (the quotient of the total support divided by \$775).<sup>14</sup> While the Commission may be separately evaluating reconsideration petitions, Frontier and Windstream raise a question that goes to the heart of the public interest obligations of CAF Phase I funding recipients.<sup>15</sup> ACS therefore addresses it here.

ACS agrees that the rule requiring broadband deployment to at least one new location for every \$775 in incremental support likely will deter some carriers from accepting incremental CAF support. Frontier-Windstream argue that in many price cap LEC service areas few, if any, of the remaining unserved locations could be provided with broadband meeting the FCC's minimum performance levels for \$775 or less.<sup>16</sup> In the service areas of the ACS LECs, where ACS has already deployed broadband to the least costly locations, this appears to be the case, especially because of the high backhaul costs inherent in serving rural Alaska locations.

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<sup>14</sup> E.g., Letter from Jennie B. Chandra, Windstream Communications, Inc., to Marlene H. Dortch, FCC, in WC Docket Nos. 10-90 *et al.*, filed Feb. 13, 2012 (discussing pending request for reconsideration on the deployment requirement of one unserved location for every \$775 in incremental support); Frontier Communications Corp. and Windstream Communications, Inc. Petition for Reconsideration and/or Clarification in WC Docket Nos. 10-90 *et al.*, filed Dec. 29, 2011 ("Frontier-Windstream Petition").

<sup>15</sup> FNPRM ¶1012.

<sup>16</sup> Frontier-Windstream Petition at 12.

ACS also agrees that the \$775 rule improperly relies on national average costs rather than the costs incurred in specific areas, such as Alaska, that well exceed \$775 per line.<sup>17</sup> Further, by definition, \$775 per location is insufficient because it is an average and existing facilities almost certainly were built in the low and average cost areas, leaving only the high-cost (or above average) areas remaining to be built out. Instead of a single national standard of one connection for every \$775 in incremental support, ACS urges the Commission to adopt performance measures that are specific to the individual recipient, or at least the state for which the recipient accepts the support. ACS has extensively documented the costs to provide fixed voice and broadband services to roughly 80 percent of locations in Alaska,<sup>18</sup> giving the Commission essential baseline information. As the Frontier-Windstream petition observes, it is no help to a carrier whose unserved locations each require \$1,000 or more in deployment costs if some other carrier in a different location may be able to deploy broadband much more cheaply.<sup>19</sup> To achieve the Commission's goal of providing an "immediate boost to broadband deployment" in "as many unserved locations as possible" under the given budget,<sup>20</sup> the Commission should adopt a flexible build-out requirement that is tailored to the requirements in each state. Failure to do so may result in many companies declining the

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<sup>17</sup> Frontier-Windstream Petition at 14, citing *CAF Order* ¶¶140-143.

<sup>18</sup> See generally ACS Confidential Data Submitted in WC Docket Nos. 10-90 *et al.*, filed Sept. 7, 2011 ("ACS Confidential Data"); Alaska Communications Broadband Network Cost Study Model Methodology and Assumptions in WC Docket Nos. 10-90, 05-337 filed Feb. 14, 2012 ("ACS Model Filing"); and *Request for Connect America Fund Cost Models*, Comments of Alaska Communications Systems Group, Inc. in WC Dockets 10-90, 05-337 filed Feb. 1, 2012 ("ACS Model Comments").

<sup>19</sup> Frontier-Windstream Petition at 15.

<sup>20</sup> *CAF Order* ¶¶137, 139.

incremental support, and many areas of the country receiving no stimulus from near-term broadband investment.

ACS also raised in its Comments the question how the Commission intends to define a “location” in certain circumstances where multiple users could be expected, such as in the case of multi-unit dwellings, commercial buildings, schools, libraries, hospitals, or government installations.<sup>21</sup> While 4 Mbps/1 Mbps should be sufficient capacity for single-family residential locations, ACS suspects that other end-user locations may demand greater capacity, yet ACS finds no guidance on point in the *CAF Order*. Since the greatest cost in providing broadband service occurs in the initial deployment to a particular customer location, ACS believes that carriers may choose to provide additional capacity to meet local demand, once they have determined that initial deployment can affordably be achieved with the support provided. ACS therefore proposes that the Commission simply clarify that the requirement of one broadband connection *per building* at 4 Mbps/1Mbps will be deemed sufficient to meet the basic build-out requirements for supported locations. Alternatively, for buildings with multiple users that require greater capacity, ACS proposes having the opportunity to aggregate the \$775 obligation on a per user basis, enabling the funding of higher capacity connections to such buildings.

#### **IV. ETC Service Obligations**

ACS agrees with the proposal that the Commission exercise its forbearance authority so that telecommunications service requirements apply only to those portions of an ETC’s service area that are supported by federal high-cost programs.<sup>22</sup> The

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<sup>21</sup> ACS Comments at 5-6.

<sup>22</sup> Frontier Comments at 9-10.

Commission has indicated that it seeks to align regulatory burdens appropriately with revenues, and seeks comment on whether interstate telecommunications carriers not receiving support should be relieved of voice service obligations under Section 214(e)(1) of the Communications Act.<sup>23</sup> The *FNPRM*, however, proposes to continue relying on existing procedures for service area redefinition and relinquishment of ETC status.<sup>24</sup> It is unreasonable to continue to enforce voice service obligations where no Connect America Fund (“CAF”) support is available. Requiring service without ensuring adequate compensation would violate carriers’ property rights under the Fifth Amendment of the U.S. Constitution.<sup>25</sup> The Commission’s broadband service obligations apply only to areas for which an ETC receives support.<sup>26</sup> ACS therefore supports the suggestion that the Commission forbear from enforcing any telecommunications service obligations under Section 214 of the Act in any wire centers not supported by CAF.

ACS does not agree with the suggestion by the Regulatory Commission of Alaska (“RCA”) that the Commission defer to the states to define and modify ETC requirements and carrier-of-last-resort (“COLR”) obligations for the carriers in their respective states.<sup>27</sup> States should not be permitted to add to the burdens of federal ETC requirements unless they also add commensurate funding to support the additional undertaking. Nor should states be permitted to hold carriers to COLR or other ETC

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<sup>23</sup> FNPRM ¶¶1095-96.

<sup>24</sup> *Id.* ¶1097.

<sup>25</sup> AT&T Comments at 6; Comments of Verizon in WC Docket Nos. 10-90 *et al.*, filed Jan. 18, 2012 (“Verizon Comments”) at 4-5; Frontier Comments at 9.

<sup>26</sup> *CAF Order* ¶¶156, 171.

<sup>27</sup> Comments of the Regulatory Commission of Alaska in WC Docket Nos. 10-90 *et al.*, filed Jan. 18, 2012 (“RCA Comments”) at 8-9.

obligations after the FCC has phased out funding on which the carriers previously relied. Moreover, if states are permitted to modify ETC obligations where state goals diverge from those articulated by the FCC, or for any other reason, the achievement of nationwide universal voice and broadband coverage could be jeopardized. The better solution is preemption of state COLR obligations and uniform, national ETC requirements applicable to all carriers that receive federal universal service support.

**V. Areas Served By Unsubsidized Competitors**

Under the *CAF Order*, Phase II CAF and Phase II Mobility Fund support will not be provided to price cap carriers in any areas served by an “unsupported competitor,” and high-cost support will be phased out over three years for rate-of-return carriers in all areas served by an “unsupported competitor.”<sup>28</sup> The Commission seeks comment on how to adjust support levels for rate-of-return carriers in situations with less than 100 percent overlap.<sup>29</sup>

Rural commenters urge the FCC to modify its rules so that, for rate-of-return carriers, the incumbent local exchange carrier (“ILEC”) would not lose any support unless its service area is served by an unsupported competitor *in its entirety* at the required performance levels.<sup>30</sup> ACS agrees that, in Alaska, such a rule is appropriate, given the unique hardships of deploying and maintaining network facilities in the state, and the high risk that any reduction in support will force carriers to discontinue service. Moreover,

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<sup>28</sup> *CAF Order* ¶¶ 170, 200.

<sup>29</sup> FNPRM ¶1061.

<sup>30</sup> Comments of the Alaska Rural Coalition in WC Docket Nos. 10-90 *et al.*, filed Jan. 18, 2012 (“ARC Comments”) at 9-10.

ACS believes that such a rule should apply to all carriers in Alaska, including the ACS ILECs, which are the only price cap carriers in the state.<sup>31</sup>

The rule for price cap carriers prohibits spending Phase II CAF support to provide service to customers in areas served by an unsubsidized provider of terrestrial fixed broadband and voice service.<sup>32</sup> For the Phase II Mobility Fund, no support will be provided in areas “where unsubsidized providers have built out service.”<sup>33</sup> The *CAF Order* is unclear whether partial overlap would disqualify a wire center or census block from eligibility for support. ACS does not believe it likely that high-cost support will be made available in any part of Alaska served in its entirety by an unsupported competing service provider, because the costs of serving such an area likely will not exceed the Commission’s funding threshold. However, ACS notes that several very large carriers have entered the Alaska commercial mobile radio services (“CMRS”) market. ACS is concerned that all ETCs that historically have been providing essential services in the challenging Alaska environment continue to be supported, regardless of any partial coverage overlap from a well-heeled national service provider. Accordingly, ACS supports adoption of the rule that an area will not be ineligible for support unless it is served *in its entirety* at the required performance levels by an unsupported competitor, regardless of whether the carrier is classified as “rate-of-return” or “price cap.”

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<sup>31</sup> Even though ACS is a price cap carrier, it serves more than 40 exchanges in Alaska that rank as some of the smallest and most remote and isolated in the state, and therefore should be treated the same as the rate-of-return carriers.

<sup>32</sup> *CAF Order* ¶ 103.

<sup>33</sup> *CAF Order* ¶ 509.

ACS disagrees, however, with suggestions that the state, rather than the FCC, should determine whether an area is served in its entirety by an unsupported competitor.<sup>34</sup> While the state certainly has an interest in such determinations, the FCC is in the best position to interpret its own rules and apply them uniformly nationwide.

## **VI. Support for Middle Mile Facilities**

ACS agrees with ARC's comments that the cost of deploying broadband in Alaska's rural areas very much depends upon the availability and cost of middle-mile solutions.<sup>35</sup> Middle mile capacity must be both available *and affordable* in order for broadband deployment to be economically feasible in rural Alaska.<sup>36</sup> ARC correctly points out that access to such capacity in Alaska is limited, leading to near-monopolistic pricing practices, even on publicly-funded facilities.<sup>37</sup> ACS's experience seeking terrestrial-based middle mile capacity via the TERRA-SW Project in southwest Alaska is similar to that of ARC's members. ACS's repeated requests for price quotes were ignored for several months by the project's owner, General Communication, Inc. ("GCI"). Only after ACS sent a formal letter demanding a pricing proposal did GCI finally offer ACS a quote for TERRA-SW capacity. Unfortunately, the pricing offered is no less expensive

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<sup>34</sup> RCA Comments at 11-12; ARC Comments at 13-14; Comments of Laurel Highland Telephone Company and Yukon-Waltz Telephone Company in WC Docket Nos. 10-90 *et al.*, filed Jan. 18, 2012 at 3-4.

<sup>35</sup> ARC Comments at 5-6.

<sup>36</sup> *See also* Comments of Alaska Communications Systems Group, Inc. in WC Docket Nos. 10-90 *et al.*, filed Aug. 24, 2011, at ii and 6, and n. 11; Comments of Alaska Communications Systems Group, Inc. in WC Docket Nos. 10-90 and 05-337, filed Feb. 1, 2012 ("ACS Model Comments") at 9-10; Opposition of Alaska Communications Systems Group, Inc. to Petitions for Reconsideration in WC Docket Nos. 10-90 *et al.*, filed Feb. 9, 2012, at 4-5.

<sup>37</sup> ARC Comments at 6.

than satellite backhaul would be for ACS, even though the project was funded in large part through the Broadband Incentives Program under the 2009 Recovery Act. To date, GCI has not indicated that it intends to offer capacity on a non-discriminatory basis.

Additional high-cost support thus will be essential for Alaska carriers who do not control the limited middle mile capacity that is available, to build additional facilities. The Commission therefore should ensure that Phase II CAF support is sufficient to fund middle mile facilities connecting rural locations throughout the state to the aggregation points in Anchorage and Juneau, from which traffic can be sent to the nearest Internet access point in Seattle, Washington and Portland, Oregon.<sup>38</sup>

Adequate support for middle mile facilities is needed not only for fixed voice and broadband service in Alaska, but also for mobile traffic. As Frontier observes, even CMRS carriers receiving support from the Mobility Fund will rely upon adequate backhaul capability from LECs, funded by CAF, in order to complete calls and deliver Internet traffic to mobile end-users.<sup>39</sup> ACS therefore supports the inclusion of support for middle mile facilities in Phase II CAF and Mobility Fund for Alaska, and supports appropriate modifications for the Phase II Mobility Fund performance obligations for areas of Alaska that have access only to satellite-based middle mile capacity.<sup>40</sup>

## **VII. Financial Guarantees From ETCs**

Many carriers oppose requiring financial guarantees in the form of irrevocable letters of credit (“LOCs”) as a condition of universal service funding, such as

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<sup>38</sup> See ACS Model Comments at 4-5.

<sup>39</sup> Frontier Comments at 13-14.

<sup>40</sup> FNPRM ¶1168.



the Commission adopted for the Phase I Mobility Fund.<sup>41</sup> ACS and other commenters point out that this obligation is likely to be very burdensome, especially for entities with limited access to credit.<sup>42</sup> The Alaska Rural Coalition (“ARC”) asks the FCC to eliminate this requirement as prohibitive for small carriers.<sup>43</sup> Others observe that this requirement would be duplicative for any established ILEC, as well as for publicly-traded companies.<sup>44</sup> CenturyLink argues that, because publicly-traded companies file financial reports on a regular basis with the Securities and Exchange Commission, their financial wherewithal is a matter of public record. Accordingly, CenturyLink proposes that any LOC or other financial security be required, if at all, only for ETCs without an established track record.<sup>45</sup> ACS agrees. For the Phase I Mobility Fund and any other universal service funding, an extraordinary prerequisite such as a firm financial guarantee should apply only to entities as to whom the Commission has no other reasonable method of ensuring the likelihood of fulfillment of the performance obligations attached to the funding. For ACS and other ILECs with a track record as ETCs, and for all publicly-traded companies, such guarantees are unduly burdensome, as the Commission reasonably may continue to rely on self-reporting and auditing to ensure support is used for its intended purpose.<sup>46</sup>

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<sup>41</sup> See FNPRM ¶1103.

<sup>42</sup> ACS Comments at 14.

<sup>43</sup> ARC Comments at 20-21.

<sup>44</sup> Comments of CenturyLink in WC Docket Nos. 10-90 *et al.*, filed Jan. 18, 2012 (“CenturyLink Comments”) at 10.

<sup>45</sup> *Id.* at 11.

<sup>46</sup> ACS also urges the Commission to employ reasonable audit procedures that afford each ETC an opportunity to respond before any “red light” status is imposed. See ACS Comments at 14.

### **VIII. IP Interconnection**

The *FNPRM* invites comment on enforcing a duty to negotiate in good faith IP-to-IP interconnection.<sup>47</sup> CenturyLink comments that the Commission should not require CAF recipients to negotiate IP interconnection arrangements for voice service at this stage, because the Commission can and should address IP interconnection issues in a comprehensive manner.<sup>48</sup> ACS agrees. In general, ACS supports leaving interconnection arrangements to negotiation between the parties. In the case of IP-LEC interconnection, it is too soon to say whether the market requires FCC intervention. Because the Commission appropriately seeks to “avoid intervention in areas where the marketplace will operate efficiently,”<sup>49</sup> the Commission should wait for this market to develop before imposing regulatory prescriptions pursuant to Section 251 or other authority.

### **IX. Funding For Alaska Under the Mobility and Tribal Funds**

Several Alaska-based commenters express doubt about the design of the Mobility Fund, arguing that it will result in support only for those areas with relatively low costs per road mile or per resident.<sup>50</sup> Commenters urge the Commission to dedicate a portion of the Mobility and Tribal Mobility Funds to Alaska’s rural areas.<sup>51</sup> Moreover, these commenters advocate tailoring FCC performance obligations to the unique challenges of providing broadband and voice services in Alaska.<sup>52</sup> ACS supports these

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<sup>47</sup> FNPRM ¶1335.

<sup>48</sup> CenturyLink Comments at 3, 7-8.

<sup>49</sup> FNPRM ¶1344.

<sup>50</sup> *E.g.*, Comments of GCI at 14-16; ARC Comments at 24.

<sup>51</sup> ARC Comments at 27-28; GCI Comments at 9-10, 17-19.

<sup>52</sup> ARC Comments at 32.

ideas. If the nation's rural areas, including Alaska, are not to be condemned to becoming "monopolistic communications backwaters" of outdated technology,<sup>53</sup> the Commission must make affirmative commitments, backed by robust resources, to significantly improve upon the resources available for broadband deployment.

**X. Administering the Remote Areas Fund ("RAF")**

Areas deemed ultra-high-cost, such that they cannot be supported by the CAF mechanism within the FCC's adopted budget, are eligible for possible support through the RAF mechanism, though the Commission has acknowledged that only a portion of very high-cost locations will be served within the budget adopted for the RAF.<sup>54</sup> Critically, the Commission has yet to designate the locations that may be eligible for RAF support. The RCA and ARC urge the Commission to appoint the state to identify very high-cost areas that should be targeted in the RAF mechanism.<sup>55</sup> ACS opposes this idea. As discussed above, ACS favors uniform national rules that provide as much certainty as reasonably possible. The Commission should avoid unnecessary complication of a system that already is fraught with more uncertainty than carriers have faced in decades. Both the RCA and the FCC have access to the same cost data. The FCC has greater resources than individual state commissions, and the experience of evaluating every region of the country to determine what makes a location "very high-cost."

Finally, the Commission should administer RAF support as a comprehensive network support mechanism, not as a portable consumer benefit that may

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<sup>53</sup> Comments of USA Coalition in WC Docket Nos. 10-90 *et al.*, filed Jan. 18, 2012 ("USA Coalition Comments") at 7.

<sup>54</sup> *CAF Order* ¶533.

<sup>55</sup> RCA Comments at 22-23; ARC Comments at 30-31.

be moved from carrier to carrier without limitation.<sup>56</sup> Unlike some other services provided over existing networks, the broadband and IP-based voice services that will be made available over advanced, high-speed broadband networks constructed and operated with the help of RAF support cannot be offered without certainty that the support will be available on a sustained basis – for five years or more (ACS has suggested ten). Making RAF support portable at the discretion of the end-user will effectively guarantee that it fails to stimulate any investment in rural broadband facilities or services. Should the Commission determine that RAF support will be a portable consumer benefit, any associated performance and build-out obligations should be commensurate with the amount of RAF support received.

## **XI. Conclusion**

For the reasons stated above, high-cost universal service support should be determined to the maximum extent possible with reference to local costs and local market conditions. Carriers should be given flexibility to report on performance based on the technology they have available to them, reflecting the facilities they have under their control. Unnecessary regulation should be avoided, and the FCC should adopt uniform national standards where appropriate to simplify its rules and create greater certainty. The Commission should adopt the modifications and clarifications discussed above and in ACS's Comments to ensure that support to Alaska's rural areas is sufficient, predictable and specific, as required by the Communications Act.

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<sup>56</sup> Cf. Comments of Satellite Broadband Providers in WC Docket Nos. 10-90 *et al.*, filed Jan. 18, 2012 ("Satellite Broadband Comments") at 8-9.

Respectfully submitted,

/s/

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